

STATE OF WASHINGTON
OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

No. D 2006 -58

**MEDICAL SAVINGS INSURANCE
COMPANY,**

An Authorized Insurer.

)
)
)
)
)
)

CONSENT ORDER

Comes now the Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.01.020 and RCW 48.05.130-185, and having reviewed the official records and files of the Office of the Insurance Commissioner, makes the following:

FINDINGS OF FACT

1. Medical Savings Insurance Company is an insurer holding a certificate of authority to transact insurance in the State of Washington, and is therefore governed by Title 48 RCW.
2. RCW 48.05.130-185 provides a process for addressing insurer violations of Title 48 Revised Code of Washington and Title 284 Washington Administrative Code.
3. RCW 48.05.250 requires each insurer, before the first day of March, to file a true statement of its financial condition, transactions, and affairs as of the thirty-first day of December preceding.
4. Chapter 284-07 WAC sets forth the form and requirements for filing financial statements for the year ended the immediately preceding December thirty-first. The commissioner sets a later due date for certain annual statement exhibits, schedules and supplements that are a part of the NAIC Quarterly and Annual Statement Instructions and NAIC Quarterly and Annual Statement Blank.
5. Medical Savings Insurance Company submitted to the commissioner its annual financial statement electronic filing for the year ended December 31, 2004, on February 25, 2005. Medical Savings also submitted its April supplemental filing on the same date.
6. The e-mail receipt for the electronic filing shows that the annual statement was accepted.
7. The e-mail receipt does not list the April supplemental filing as accepted; the e-mail receipt does not list the April supplemental as submitted but discarded.
8. The April supplemental was not accepted by the Insurance Commissioner of the State of Washington. An electronic filing which is submitted, but not accepted is not considered a filing meeting the requirements of RCW 48.05.250 and Chapter 284-07 WAC.
9. On April 25, 2005, the Insurance Commissioner of the State of Washington sent notice to Medical Savings Insurance Company that the April supplemental had not been filed.
10. On the same day Medical Savings Insurance Company received notification from the Insurance Commissioner of the State of Washington that the April supplemental had not been filed, Medical

Savings Insurance Company submitted the same April supplemental filing again. This time it was accepted.

11. At the time of a request for reconsideration of a proposed penalty for the late filing of the April supplemental, the Insurance Commissioner of the State of Washington explained the April supplemental submission in February was corrupted and was not accepted. When this occurs, no notice of rejection is sent.
12. Attached Exhibit A is incorporated herein for the purpose of identifying the date of Medical Savings Insurance Company's annual statement April supplemental filing.

Based upon the foregoing Findings of Fact, the Commissioner makes the following:

CONCLUSIONS OF LAW

1. Medical Savings Insurance Company by and through the conduct described above has violated RCW 48.05.250 and Chapter 284-07 WAC by failing to timely file in proper form its annual statement April supplemental filing as of December 31, 2004.
2. RCW 48.05.185 authorizes the Insurance Commissioner to impose a fine in lieu of the suspension or revocation of a certificate of authority.
3. Medical Savings Insurance Company committed the following violation of Washington law:
Medical Savings Insurance Company failed to timely file its annual financial statement April supplemental for the year ended December 31, 2004 in the form required by Chapter 284-07 WAC.

CONSENT TO ORDER

Medical Savings Insurance Company consents to entry of this Order, waives further administrative or judicial proceedings in this matter, and acknowledges its duty to comply fully with the applicable laws of the State of Washington. The Insurance Commissioner has offered a settlement in lieu of suspending or revoking the certificate of authority.

By agreement of the parties, the Insurance Commissioner will impose a fine of \$2700 on condition that:

1. Within thirty days, Medical Savings Insurance Company pays to the Insurance Commissioner the full amount of the fine;
2. Medical Savings Insurance Company commits no further violations of the statutes and regulations that are the subject of this Consent Order;
3. Medical Savings Insurance Company voluntarily consents to this order to resolve the issues and conduct described herein and with the understanding that the payment of the amount due is a condition to avoiding suspension or revocation of the Certificate of Authority.

EXECUTED this 23rd day of March, 2006.



Signature

Vice President & CFO

Title

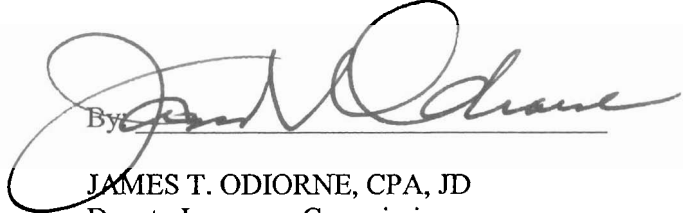
ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Medical Savings Insurance Company is ordered to pay a fine in the amount of \$2700 upon the condition that the Company fully complies with the laws and regulations of the State of Washington which are the subject of this Order; and
2. Upon failure to pay the fine within the time limit set forth above, the sum will be recoverable in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington, pursuant to RCW 48.05.185.

ENTERED TUMWATER, WASHINGTON this 30th day of March, 2006.

MIKE KREIDLER
Insurance Commissioner

By 

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division

Washington Office of Insurance Commissioner
Late And Outstanding Filings
Filings Due in 2005
Filings Report as of Monday, Jan 30, 2006 at 2:15:09 pm

Exhibit A

Medical Savings Insurance Company

NAIC # 74217

	<u>Filing Type</u>	<u>Due</u>	<u>Electronic Received</u>
Complete Filings - Late			
A&H Policy Experience	Original	4/1/2005	4/28/2005
April Supplemental Filing	Original	4/1/2005	4/28/2005
Management's Discussion and Analysis	Original	4/1/2005	4/28/2005

\$2,700	Total Fine Composed of:	\$0	Fine for Annual Statement and Supplements
		\$2,700	Fine for April Supplements
		\$0	Fine for Audited Financial Statement
		\$0	Fine for First Quarter Financial Statement
		\$0	Fine for Second Quarter Financial Statement
		\$0	Fine for Third Quarter Financial Statement

Explanation of the field descriptions:

A. Filing Type—The filing type designated on the electronic filing.

B. Due—the date the filing is due.

C. Electronic Received—the date our records show as accepting the electronic filing.